

TEMPORARY

ASSIGNED

NO. 63317

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**APPLICATION FOR PERMISSION TO CHANGE POINT OF
DIVERSION, MANNER OF USE AND PLACE OF USE OF THE
PUBLIC WATERS OF THE STATE OF NEVADA
HERETOFORE APPROPRIATED**

Date of filing in State Engineer's Office AUG 12 1997

Returned to applicant for correction _____

Corrected application filed _____

Map filed AUG 19 1996 under 62380-T

The applicant **Pegasus Gold Corporation**, hereby makes application for permission to change the **Point of diversion, place of use of a portion** of water heretofore appropriated under **Permit #61644 (PW 7)**

1. The source of water is **underground**
2. The amount of water to be changed **0.09 CFS or 21 million gallons annually**
3. The water to be used for **mining, milling, domestic**
4. The water heretofore permitted for **mining, milling, domestic**
5. The water is to be diverted at the following point (PW4) **NW¼ NW¼ Section 11, T.31N., R.33E., M.D.B.&M. or at a point from which the NW corner of Section 11, T.31N., R.33E., M.D.B.&M. bears N.80°32'W. a distance of 584.6 feet.**
6. The existing permitted point of diversion is located within **NE¼ NW¼ (Lot 2) Section 3, T.31N., R.33E., M.D.B.&M. or at a point from which the SW corner of said Section 3 bears S.23°15'W. a distance of 4460 feet. (PW7)**
7. Proposed place of use **Sections 1, 2, 3, 4, 9, 10, 11, 12, 13, 14, 15, 16, 37, 38, 39, T.31N., R.33E., M.D.B.&M. and Sections 33, 34, and 35, T.32N., R.33E., M.D.B.&M.**
8. Existing place of use **Sections 2, 3, 4, 9, 10, 11, 14, 15, 16, 37, 38, 39, T.31N., R.33E., M.D.B.&M. and a portion of Sections 34, T.32N., R.33E., M.D.B.&M.**
9. Use will be from **January 1 to December 31** of each year.
10. Use was permitted from **January 1 to December 31** of each year.
11. Description of proposed works **Water is pumped from a drilled well and delivered to the processing plant or a cooling pond. Water is metered before being used for mining, milling, or domestic purposes.**
12. Estimated cost of works **(\$16,000) sixteen thousand dollars (complete)**
13. Estimated time required to construct works **completed - total depth 235 ft, cased with 6-5/8" O.D. steel, machine slot 3" x 0.125" - 12 slots per foot from 55' to 235', gravel packet from 55' to 235', sealed from 0' of 55'.**

14. Estimated time required to complete the application of water to beneficial use
one year

15. Remarks: 21,000,000 gallons estimated for annual consumptive use. This well removes water from the highwall for increased stability. Use of this well will be discontinued with the completion of mining in this area.

By s/ Nathan Mozer
P.O. Box 330
Imlay, NV. 89418

Compared cl/jr cl/cms

Protested _____

APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This temporary permit to change the point of diversion and place of use of a portion of the waters of an underground source as heretofore granted under Permit 61644 is issued subject to the terms and conditions imposed in said Permit 61644 and with the understanding that no other rights on the source will be affected by the change proposed herein. The well shall be equipped with a 2-inch opening and a totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of the water begins or before the proof of completion of work is filed. If the well is flowing, a valve must be installed and maintained to prevent waste. This source is located within an area designated by the State Engineer pursuant to NRS 534.030. The State retains the right to regulate the use of the water herein granted at any and all times.

This temporary permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

The total combined duty of water under Permits 48997, Certificate 13237; 48998, Certificate 13238; 48999, Certificate 13239; 49931, Certificate 13240; 53342, Certificate 13245; 57096; 57097; 57098; 61203; 61643; 61644; 61707; 63315-T; 63316-T; 63317-T and 63318-T will not exceed 787.0 million gallons annually.

This temporary permit is issued under the preferred use provisions of NRS Chapter 534. The manner of use of water under this permit is by nature of its activity a temporary use and any application to change the manner of use granted under this permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the groundwater basin.

The issuance of this temporary permit does not waive the requirements that the permit holder obtain other permits from State, Federal and local agencies.

Monthly records will be kept of the following: the volume of water pumped from each well, the volume of water consumptively used for mining and milling purposes projectwide and the amount of water used for reclamation purposes. These records will be submitted within 15 days after the end of each month. Please also submit the water level (static or pumping) of each permitted well with the pumping report.

This temporary permit is issued pursuant to the provisions of NRS 533.345 Section 2 and will expire on November 19, 1998, at which time all rights herein granted shall revert to the right being changed by this temporary permit.

(CONTINUED ON PAGE 2)

(PERMIT TERMS CONTINUED)

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, and not to exceed 0.09 cubic feet per second, but not to exceed 21.0 million gallons annually.

Work must be prosecuted with reasonable diligence and be completed on or before:

Proof of completion of work shall be filed before:

Application of water to beneficial use shall be filed on or before:

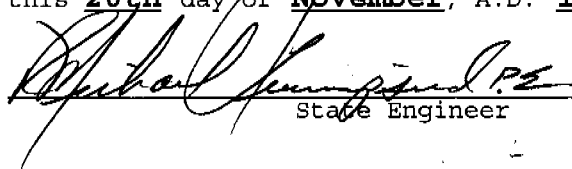
Proof of the application of water to beneficial use shall be filed on or before:

Map in support of proof of beneficial use shall be filed on or before:

TEMPORARY

IN TESTIMONY WHEREOF, I, R. MICHAEL TURNIPSEED, P.E.,
State Engineer of Nevada, have hereunto set
my hand and the seal of my office,

this 20th day of November, A.D. 1997


State Engineer

RECEIVED
DATE NOV 18 1998